

May 27, 2011

To: Executive Board

Subject: **Fiscal Year 2011 Financial Statements and Investment Summary –  
March 2011**

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### **Recommendation**

Receive and file the Financial Statements and Investment Summary for Fiscal Year 2011.

### **Analysis**

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the first ten months of the fiscal year ending June 30, 2011.

Foothill Transit's cash position of \$55.2 million is \$2.7 million more than the previous month. This decrease of cash is the net change between the uses of cash and sources of cash. Uses of cash include a \$118,400 increase in Due from Other Governments. Sources of cash consisted of an increase in accounts payable of \$2.4 million and \$409,000 of excess grant revenues over expenditures.

April 2011 fare revenues were \$1.4 million, which is 11.8 percent more than the monthly budgeted amount. This is the tenth month in which revenues have exceeded the monthly budgeted amount. It is difficult to isolate the factors responsible for this increase. A fare increase was implemented along with service refinements to improve fare revenues. The combination of these factors along with rising gasoline prices may have positively impacted fare revenues more than reflected in the budget. Recent economic forecasts are also indicating an improvement; however the unemployment rate remains in the double digits.

Operating costs through April were \$49.3 million, which is \$4.2 million less than the budget. These costs are \$4.42 million or 8.2 percent less than operating costs for the same period one year earlier. Foothill Transit had sufficient funds to meet all of its obligations.

### **Balance Sheet Analysis (Attachment A):**

#### Assets

The balance sheet as April 30, 2011 shows total assets at \$212.8 million. This total consists primarily of \$153.4 million in fixed assets and \$55.2 million in cash and investments. The cash and investments balance includes \$5.0 million invested in the Local Agency Investment Fund (LAIF); \$30.8 million in non-interest bearing accounts

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held with Bank of the West; \$10.0 million in an interest bearing account with Bank of the West; \$3.3 million with Chase; \$4.0 million invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program; and \$2.0 million in US Treasury Bills.

Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West are in non-interest earning accounts to qualify for FDIC insurance, eliminating the risk of loss in an interest bearing account secured with required collateral. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of April 2011 was 0.588 percent; slightly more than the previous month's rate of 0.500 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in more than two years, LAIF interest rates have continued a downward trend with a slight increase during the current month.

Liabilities

The accounts payable balance is \$6.8 million. \$3.4 million of this amount represents the amount due and payable to the operations and maintenance contractors for March and April services. Other amounts payable include fuel costs of \$514,000 and Monrovia Dial-A-Ride service of \$45,000.

**Operating Revenue and Expense Analysis (Attachment C):**

Fare Revenue

April 2011 fare revenue of \$1.4 million was 11.8 percent more than the monthly budgeted amount and \$169,000 less than March 2011 revenue. The April fare revenue figure is in line with the annual average at \$1.4 million. This indicates that the lower than normal revenue received in February and higher than normal revenue received in March was related to the timing of fare revenue deposits in those months.

April revenues continue the positive trend experienced since the beginning of the fiscal year. April year-to-date revenues are 9.6 percent more than the previous year and 11.84 percent more than the budget; and the average monthly revenue is 5.22 percent more than Fiscal Year 2010 average monthly revenue. These could be indicators that the economy may be improving, with ridership increasing in recent months even though recent unemployment figures have indicated little change in unemployment. However, increases in gasoline prices may have pushed commuters out of their cars and into public transportation, thereby increasing ridership.

State and Local Funding Subsidies of \$43.2 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were

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approximately 3.8 percent more than planned for in the budget. Foothill Transit has sufficient funds to meet all of its obligations.

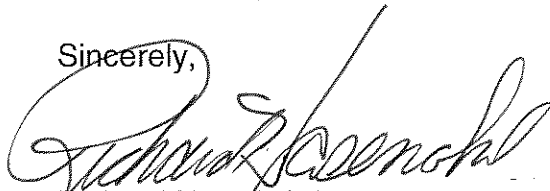
Expenses

April 2011 year-to-date operating expenses were \$49.4 million, compared with the budget of \$53.6 million. This difference of approximately \$4.2 million resulted in a 7.95 percent favorable variance. The majority of this favorable variance is the result of fuel cost savings of \$2.9 million and reduced contractor costs of \$1.4 million. It should be noted that the April 2011 year-to-date expenses of \$49.36 million are \$4.4 million less than the prior fiscal year.

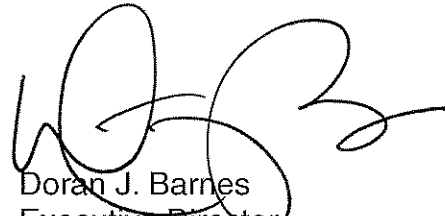
Farebox Recovery Ratio

The April 2011 year-to-date farebox recovery ratio was 29.23 percent. This is 6.68 percent more than the performance target of 22.55 percent. The farebox recovery ratio was derived by dividing the total fare revenue figure of \$14,427,866 by the total operating expense figure of \$49,364,681. This ratio has increased 0.33 percent from the March 2010 figure of 28.90 percent.

Sincerely,



Richard Hasenohrl  
Director of Finance



Doran J. Barnes  
Executive Director

Attachments

Foothill Transit  
Balance Sheet  
As of April 30, 2011

**Assets**

## Current Assets:

Cash	\$ 40,880,290
Investments	14,293,763
Due from government agencies	2,620,455
Other receivables	1,297,085
Other assets	355,184
Total Current Assets	<u>59,446,776</u>
Property & Equipment (net of depreciation)	153,391,910
Total Assets	<u><u>\$ 212,838,686</u></u>

**Liabilities and Equity**

## Current Liabilities:

Accounts payable and accrued liabilities	\$ 6,850,454
Current portion of long term debt	
Long Term debt:	1,000,000
Deferred Revenue	<u>20,235,979</u>
Total Liabilities	<u>28,086,433</u>

**Equity**

Investment in Fixed Assets (net):	
Fund Balance:	<u>184,752,253</u>
Total Equity	<u>184,752,253</u>
Total Liabilities and Equity	<u><u>\$ 212,838,686</u></u>

Summary of Cash and  
Investment Account  
For April 30, 2011

	Interest Rate	Term	Principal Amount/Book Value	Market Value
Cash:				
Bank of the West-Reg. Checking	N/A	Demand Deposit	\$22,853,581	\$22,853,581
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Money Market	0.150%		10,007,838	10,007,838
Bank of the West-Excise Tax	N/A	Demand Deposit	3,991,237	3,991,237
Bank of the West-CTAF <sup>3</sup> Fund	0.750%	Demand Deposit	327,410	327,410
Bank of the West-Bus. Checking	N/A	Demand Deposit	3,698,323	3,698,323
Subtotal Cash on Hand			40,880,290	40,880,290
Unrestricted Investments:				
Chase Business Saving	0.500%	Demand Deposit	3,302,129	3,302,129
Bank of the West-CDARS	N/A	Cert. of Deposit	4,000,000	4,000,000
Treasury Bills			1,996,158	1,996,158
LAIF Investment	0.500%	Demand Deposit	4,995,476	4,995,476
Subtotal Unrestricted Investments			14,293,763	14,293,763
Total Cash and Investments			<u>\$55,174,052</u>	<u>\$55,174,052</u>

**Notes:**

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

Foothill Transit  
Statement of Revenue and Expense  
For Month Ended April 30, 2011

	Actual April -11	Budget April -11	Variance Favorable (Unfavorable)	Actual April - 10	Beginning Balance	April Activity
<b>Operating Revenue</b>						
Farebox	\$8,921,966	\$9,065,167	(1.58%)	\$8,445,420	\$8,073,023	\$848,943
Pass Sales	2,518,343	1,845,917	36.43%	1,836,518	2,244,262	274,081
TAP Cash Purse	1,940,984	987,833	96.49%		1,735,274	205,710
MetroLink	26,130	18,500	41.24%	1,563,035	22,845	3,285
EZ Transit Pass	1,020,443	982,750	3.84%	1,313,806	910,914	109,529
<b>Total Operating Revenue</b>	<b>14,427,866</b>	<b>12,900,167</b>	<b>11.84%</b>	<b>13,158,779</b>	<b>12,986,318</b>	<b>1,441,548</b>
<b>Non-Operating Revenue</b>						
FTA Sec 5307 Operating	2,715,650	4,166,667		1,394,294	2,715,650	
FTA Sec 5307 ARRA	397,988	1,666,667	(76.12%)		397,988	
Transportation Development Act (TDA)	11,714,717	11,508,333	1.79%	12,927,533	10,526,883	1,187,834
STA	5,280,754	3,083,333	71.27%	4,288,605	5,280,754	0
Prop A 40% Discretionary	10,617,321	9,652,333	10.00%	10,036,032	9,555,589	1,061,732
Prop A & C Interest	(10,918)			2,865,498	(10,918)	
Prop A 40% BSCP	2,091,653	2,436,000	(14.14%)	2,703,416	1,803,490	288,163
Prop C Base Restructuring	1,450,910	1,300,000	11.61%	1,391,210	1,305,819	145,091
Prop C BSIP	675,500	527,500	28.06%	659,347	607,950	67,550
Prop C Transit Service Expansion	241,780	188,833	28.04%	235,998	217,602	24,178
Transit Security-Operating	453,133	454,500	(0.30%)	558,645	407,820	45,313
Measure R Operating	6,175,560	5,389,833	14.58%	4,416,488	5,558,004	617,556
Excise Tax Credit						
Gain on Sale of Fixed Assets	105,429				105,429	
Auxiliary Revenue	1,307,947	1,250,000	4.64%	1,839,186	1,196,533	111,414
<b>Total Non-Operating Revenue</b>	<b>43,217,424</b>	<b>41,623,999</b>	<b>3.83%</b>	<b>43,316,252</b>	<b>39,668,593</b>	<b>3,548,831</b>
<b>Total Revenue</b>	<b>57,645,290</b>	<b>54,524,166</b>	<b>5.72%</b>	<b>56,475,031</b>	<b>52,654,911</b>	<b>4,990,380</b>
<b>Available Capital Funding</b>						
Capital Grants	15,092,302			6,106,691	14,848,704	243,598
Other						
<b>Total Revenue and Capital Funding</b>	<b>72,737,592</b>	<b>54,524,166</b>		<b>62,581,722</b>	<b>67,503,615</b>	<b>5,233,977</b>
<b>OPERATING EXPENSES</b>						
Operations	41,742,519	46,307,667	9.86%	46,489,777	38,146,775	3,595,744
Marketing and Communications	1,073,375	1,022,167	(5.01%)	950,646	898,380	174,995
Information Technology	1,044,559	1,087,167	3.92%	756,699	955,574	88,985
Administration	1,767,259	1,519,583	(16.30%)	1,679,681	1,615,903	151,356
Sales and Service	1,401,658	1,409,917	0.59%	1,344,602	1,263,370	138,288
Finance	881,258	891,583	1.16%	816,669	801,232	80,026
Safety and Security	533,427	632,083	15.61%	579,004	488,419	45,008
Planning	480,873	552,000	12.89%	560,648	433,289	47,584
Building Management	439,753	206,167	(113.30%)	599,906	295,775	143,978
<b>Total Operating Expenses</b>	<b>49,364,681</b>	<b>53,628,333</b>	<b>7.95%</b>	<b>53,777,632</b>	<b>44,898,717</b>	<b>4,465,964</b>
<b>Capital and Other Expenses</b>						
Capital	15,122,748		N/A	5,896,530	14,881,378	241,370
Interest			N/A			
Dial-A-Ride	522,081		N/A	434,551	408,292	113,789
Special Services	197,317		N/A	363,808	197,317	(0)
Other Misc. expense	40,912		N/A		39,438	1,474
<b>Total Capital and Other Expenditures</b>	<b>15,883,058</b>		<b>N/A</b>	<b>6,694,889</b>	<b>15,526,425</b>	<b>356,633</b>
<b>Increase (Decrease) of Revenues Over Expenditures</b>	<b>\$ 7,489,853</b>			<b>\$ 2,109,201</b>	<b>\$ 7,078,473</b>	<b>411,380</b>